



Highlights of 2012 Accomplishments

March 2013

Sustaining Positive Impacts on County Government

During the past 12 years, I have been honored to serve as the county auditor, leading the King County Auditor's Office (KCAO). The office has diligently pursued its mission of advancing performance and accountability in King County government. As I prepare to retire in 2013 and reflect on our recent and longer term accomplishments, I am particularly proud to report our continued contributions toward:

- *Improving efficiency and effectiveness of county programs* – Recommendations from audits and studies made a difference. Our 2012 audit of the Sheriff's Office Internal Investigations Unit found significant issues with policies for investigating and documenting complaints and adhering to policies and procedures. The sheriff concurred with the recommendations and immediately began implementing changes. The 2012 performance audit of King County's \$277 million investment in information technology (IT) identified opportunities to better ensure strategic, rigorous, and transparent IT investments.
- *Saving money* – KCAO has contributed to saving millions of dollars for county residents. Over the last three years we reported \$13.9 million in one-time impacts; \$16.1 million in ongoing savings; and \$20 million in potential additional fiscal impacts. Additionally, the performance audit of the Combined Sewer Overflow Control Program identified areas which could reduce the estimated \$711 million cost of this program.
- *Advancing performance management (PM) and strategic planning* – We continue to support policymakers' interests in establishing a countywide PM system that aligns the community's priorities with the County's strategic goals and budget process. Based on a new mandate in 2012, we undertook a review of best practices across the country.
- *Enhancing oversight, compliance, and transparency* – The Capital Projects Oversight (CPO) program continues to assist the County Council in monitoring select capital projects and increasing the transparency of the county's capital program performance. CPO's major work product was a comprehensive lessons learned and final oversight report on the Accountable Business Transformation program. In our follow-ups to audits and studies we ensured effective implementation of a majority of our recommendations and compliance with County policies, such as with the Emergency Medical Services levy and financial plan and Metro Transit's fleet replacement funding.

Through our strategic plan we are driven to focus on increasing impacts, enhancing collaboration, and improving our performance. We appreciate the County Council's unwavering support of an independent audit organization as envisioned in the King County Charter and the King County Code. With that framework and the exemplary KCAO team, I am confident that the Auditor's Office will continue to move forward in providing a valuable service.

Cheryle A. Broom

PERFORMANCE AUDITS

KING COUNTY'S INVESTMENT IN INFORMATION TECHNOLOGY

This audit evaluated how well the County optimizes its technology investments to ensure project practices are consistent with best practices and anticipated results are achieved. The audit identified the significant investment King County makes in information technology projects with \$277 million in total active IT projects in 2012.

Overall, the audit found that, while recent actions show measurable progress, further improvements are needed regarding King County's approach to IT investment. Many current plans and practices could benefit from additional rigor and strategic focus. For example, the County recently consolidated its IT structure, transitioning to a service-based budgeting model and potentially improving transparency. However, the audit found that in many cases informal methods of IT project selection, significant schedule extensions, undefined business benefits, and unmitigated risks still hamper optimum IT investment.

Further, the audit identified deficiencies in the information provided to the County Council for making project funding decisions. IT project documents are often incomplete and contain unreliable data. Finally, the County does not know if completed projects realized intended benefits. The report recommendations support greater focus on benefits realization planning for IT projects.

The audit also makes a number of recommendations to both encourage improved performance and accelerate the achievement of actions already in progress, including:

- A framework to ensure strategic and transparent IT investment governance and independent oversight;
- Rigorous, complete, and transparent IT project selection; and
- Effective systems to collect and analyze project information with a strong focus on ensuring realization of project benefits.

This Audit received an Honorable Mention!

The Association of Local Government Auditors' Knighton Awards program recognized the Performance Audit of King County's Investment in Information Technology in the top five best audit reports of the year for offices of our size.

COMBINED SEWER OVERFLOW PROGRAM

A combined sewer system carries both wastewater and storm water to the wastewater treatment system in the same pipes. During heavy rain events, combined sewer

systems can exceed capacity due to the large volume of storm water in the system, allowing untreated water into the local waterways. Federal and State regulations require control of combined sewer overflows (CSOs) by 2030. The County Council requested this audit to evaluate the cost-effectiveness of the County's updated \$711 million plan for controlling combined sewer overflows.

The \$711 million estimate to achieve CSO control is a planning-level estimate with a wide range of uncertainty. Based on the experience with current projects, it appears more likely that the CSO program cost will exceed the \$711 million estimate. The audit identifies areas which could reduce the ultimate cost of the CSO control program. These include a more thorough analysis of using "green" storm water infrastructure as an alternative to traditional gray infrastructure, improvements in lifecycle cost analysis, ensuring that project alternatives with the lowest cost are pursued, and providing incentives in the rate structure for customers to reduce their use of the sewer system.

Also, some of the projects necessary to control CSOs achieve control at a far lower cost per gallon of discharge than others. Re-sequencing the projects to ensure that the most cost-effective projects are done first could accelerate the program's overall reduction of pollution.

SHERIFF'S OFFICE AND OFFICE OF LAW ENFORCEMENT OVERSIGHT

This audit evaluated the practices and operations of the King County Sheriff's Office (KCSO) in documenting and investigating complaints. The audit also assessed the effectiveness of the Office of Law Enforcement Oversight (OLEO) in providing council-directed oversight of the Sheriff's Office's Internal Investigations Unit. Conducted with the law enforcement consulting firm Hillard Heintze LLC, the audit included a review of national best practices for managing citizen-initiated and internally generated police misconduct and use of force complaints.

The audit found significant issues in KCSO's systems for recording and investigating complaints. It identified weaknesses in KCSO's policies and procedures regarding intake and investigation of complaints. Inconsistent adherence to those policies among KCSO units undermined organizational and individual accountability. KCSO's inability to enforce its procedures for complaints and policy violations was also inconsistent with the standards of the Commission on Accreditation of Law Enforcement Agencies and other law enforcement best practices.

The audit also noted substantial challenges for OLEO in putting effective civilian oversight into practice under the County's current organizational and legal framework. Audit recommendations focused on development of improved investigation and reporting processes for all complaints and establishing a standard of categorical adherence to these policies by KCSO officers and supervisors, along with continued efforts to ensure OLEO's effectiveness. KCSO concurred with all recommendations, and they were the foundation for a KCSO performance audit action plan required by the King County Council.

FINANCIAL REVIEW AND COMPLIANCE AUDIT OF THE 2011 EMERGENCY MEDICAL SERVICES LEVY

King County Ordinance 15862 requires the King County Auditor's Office to conduct annual audits of the 2008 to 2013 Emergency Medical Services (EMS) Levy. The audit found the EMS Division managed its financial activities in accordance with the 2011 EMS Levy financial plan. Actual revenues exceeded the adopted budget by \$1.3 million and expenditures were lower than budgeted by \$5.0 million, resulting in a \$6.4 million positive operating variance. The ending fund balance was above the six-percent threshold set in ordinance 15861. Our mid-term levy review also confirmed the availability of adequate funds for the current levy period. Potential savings can be carried forward to decrease the amount of property tax revenue needed for the 2014 to 2019 EMS Levy.

We also determined that the current methodology used by the EMS Division for distributing levy funds to basic life support (BLS) agencies resulted in funding inequities. We recommended that the division develop options for distributing the total BLS allocation based on assessed property values and call volumes during the third year of the 2014 to 2019 levy, and distribute three percent of the total allocation based on response time. This approach will provide additional support to fire agencies with very low assessed values and high response times.

CAPITAL PROJECTS OVERSIGHT PROGRAM

The Capital Projects Oversight (CPO) program applies monitoring, analysis, and communication strategies to provide timely and useful information on capital projects to policy and other decision-makers.

In 2012, we began assessing the reliability of capital project data in the County's new information systems. We continued to support the annual risk scoring and consultation with county decision-makers to determine the capital projects subject to phased appropriation and

more rigorous project management and reporting requirements.

In addition to activities that benefit all capital programs, CPO focuses oversight attention and provides County Council with timely information on select, major projects where additional scrutiny could add value. In 2012, we monitored and reported on the following projects:

ACCOUNTABLE BUSINESS TRANSFORMATION (ABT)

CPO culminated oversight work on ABT, an \$87 million program to replace the County's enterprise human resource, finance, payroll, and budget systems and streamline associated business processes. Although the County largely achieved the ABT Program vision, considerable work remains to make the systems meet expectations. Our report documents lessons learned and makes recommendations about the work left to do to fully achieve the anticipated benefits in transformation of County business processes.

SOUTH REGIONAL ROADS MAINTENANCE FACILITY

CPO finished oversight on this \$40+ million project to consolidate two existing county roads maintenance facilities at a new facility and site. With our ongoing encouragement, given uncertainty of project funding, the project team kept their preliminary design expenditures lower than planned, leaving \$2 million of appropriated funds unspent when the project was canceled in mid-2012. We worked with the Road Services Division and Facilities Management Division to identify lessons learned from the preliminary design phase work on this project.

FACTORIA RECYCLING AND TRANSFER STATION

In 2012, oversight began with a focus on the Solid Waste Division's design changes for this replacement facility, made in response to a 2011 performance audit. Reevaluation of the capacity needs and size of the facility have resulted in some construction cost savings. Oversight continues in 2013, focusing on further efforts to identify cost savings for this \$89 million project and manage schedule and other risks.

BRIGHTWATER

CPO continues oversight on this \$1.8 billion new wastewater treatment plant and conveyance system. In 2012, CPO oversight provided Council an assessment of the adequacy of remaining contingency funds and documentation of project costs. CPO also monitored the Wastewater Treatment Division's efforts to manage remaining cost and schedule risks as full commissioning occurred and some construction defects were identified.

SELECT NEW PROJECTS FOR 2013

COUNTY ENERGY CONVERSION PROJECTS AND ENERGY ALTERNATIVES AT HARBORVIEW

Review the County's past energy conversion projects. Also review proposals for reducing energy costs and greenhouse gas emissions, as well as developing on-site backup energy capacity for the Harborview campus.

ENVIRONMENTAL HEALTH SERVICES

Review Environmental Health Division's hourly rates and fees, seeking to identify ways to reduce costs and the rate of growth in permit fees.

KING COUNTY SHERIFF'S OFFICE CAR PER OFFICER PROGRAM

Review take-home vehicles in the King County Sheriff's Office. Evaluate the costs and benefits of the current take-home vehicle program in comparison to alternatives.

RISK MANAGEMENT

Assess the effectiveness of the King County Office of Risk Management in preventing and reducing losses and in protecting King County's assets.

CHILDREN AND FAMILY JUSTICE CENTER

CPO will provide oversight on this project to replace the aging Youth Services Center with a new facility to meet King County's justice needs. The project is funded by a \$210 million voter-approved levy and is scheduled to begin construction in 2015.

KCAO PERFORMANCE MEASURES SCORECARD

2012 Work Program*			
Audits completed			11
CPO projects completed and final reports published			2
CPO reports on ongoing project activities			5
Estimated Audit Fiscal Impacts			
3-Year Total	One-time Fiscal Impact	Ongoing Fiscal Impact	Potential Fiscal Impact
2008-2010	\$107,851,000	\$0	\$111,000,000
2009-2011	\$118,856,000	\$717,000	\$111,000,000
2010-2012	\$13,856,000	\$16,117,000	\$20,000,000
Audit Recommendation Summary			
3-Year Total	% Implemented	% Pending	% Not Implemented
2008-2010	68%	21%	11%
2009-2011	64%	25%	11%
2010-2012	71%	24%	4%
CPO Program Recommendation Summary			
3-Year Total	% Implemented	% Pending	% Not Implemented
2008-2010	87%	9%	4%
2009-2011	58%	37%	5%
2010-2012	45%	50%	5%

* The work program extends to 15 months.

IDEAS WELCOMED

Please contact our office if you have any questions or suggestions. Find us on the Web for more information on our audits and other oversight work.

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Alternative Formats Available Upon Request